

WASHINGTON, DC-Congressman Ciro D. Rodriguez (TX-23) today applauded the President for signing student loan legislation passed by both Houses of Congress with large bipartisan margins. The law will ensure students and families access to the federal student loans they need to pay for college despite the turmoil in the economy and financial markets.

The Ensuring Continued Access to Federal Student Loans Act of 2008

(H.R. 5715), which carries no new cost for taxpayers, was passed by a vote of 383-27 in the House of Representatives.

"Even in a struggling economy, our children's future should not have a price on it and this law will help to ensure that anyone who has proven they have the ability to gain a college degree will have resources to do so," said Rodriguez. "This new law also helps to stimulate our economy by allowing people to be able to spend on necessities like food and gas and on their mortgages, while also allowing deserving students to attend college, and strive for a bright future."

The Ensuring Continued Access to Student Loans Act of 2008 will provide new protections to ensure families continue to have timely, uninterrupted access to federal college loans in the event that stress in the credit markets leads lenders to reduce their activity in the federally guaranteed student loan program. These new protections will be in addition to those that already exist under current law.

Specifically, H.R. 5715 will:

- Reduce borrowers' reliance on costlier private college loans by increasing the annual loan limits on federal college loans by \$2,000 for undergraduate students, and by increasing the total loan limit over the course of a student's education to \$31,000 for dependent undergraduates and \$57,500 for independent undergraduates;
- Give parent borrowers more time to begin paying off their federal PLUS loans by providing them with the option to defer repayment until up to six months after their children leave school - giving families more flexibility in hard economic times.
- Help struggling homeowners pay for college by making sure that short-term delinquencies in mortgage payments don't prohibit otherwise eligible parents from being able to borrow parent PLUS loans. Under current law, parents with an adverse credit history are ineligible to receive a parent PLUS loan, except under extenuating circumstances. The legislation would temporarily classify as an extenuating circumstance delinquencies on home mortgages of up to 180 days, therefore making it possible for parents who are being strained by the current housing market to secure loans for their children;
- Clarify that existing law gives the U.S. Education Secretary the authority to advance federal funds to guaranty agencies in the event that they do not have sufficient capital to originate new loans, and allow guaranty agencies to carry out the functions of lender of last resort on a school-wide basis. Under the Higher Education Act, these guaranty agencies are

obligated to serve as a nationwide network of lenders of last resort if requested to do so by the Education Secretary; and

- Give the U.S. Education Secretary the temporary authority to purchase loans from lenders in the federal guaranteed loan program, ensuring that lenders continue to have access to capital to originate new loans. The Education Department would be authorized to purchase loans only if doing so would not result in a net cost for the federal government.

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Congressman Ciro D. Rodriguez (TX-23) serves as a Member of the powerful House Appropriations Committee and the Veterans Affairs Committee. For more information about Rodriguez, see his website at <http://rodriguez.house.gov/>.